



WEEKLY GASOLINE FUNDAMENTAL-PRICE-BASIS OUTLOOK

A Fundamental Petroleum Trends Weekly Report

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Cash Basis Outlook			
Product	Market	Weeks Forward	
		1 - 2	3 - 6
RBOB	NYH	→	→
	Gulf	→	→
	W Coast	→	→
Conventional	NYH	→	→
	Gulf	→	→
	Grp III	→	→
	Chicago	→	→
	W Coast	→	→
Gulf Coast Price Outlook		→	→

Wholesale demand declined -86,000 bpd last week, although the level remains sharply above last year's record low. The latest 4-wk change in demand was a

+392,000 bpd increase, the largest year-on-year increase since the recession.

Supplies declined -0.2 million bpd on the week with both production down sharply.

Stocks increased +1.7 million barrels on lower demand.

Basis traded sideways to lower in NYH and the Gulf last week. The Midwest and West Coast markets experienced further increase in basis from earlier record lows.

Basis levels remain at the upper end of the historic range in NYH for this time of year, while the Gulf remains at record lows on extremely high stocks.

Look for basis to trade sideways in most markets as the uptrend in wholesale demand slows following the recent price surge.

Basis levels in the Gulf should remain at the low end of the historic range on high stock levels and relatively tight supplies in the Northeast. These fundamentals should also constrain increases in the Group III market.

RBOB

New York Harbor basis to trade at levels comparable to the 5-year mid range on seasonal stock building, then trend lower against spring RBOB NYMEX grades.

Conventional

New York Harbor basis to trade at levels within the 5-year range on seasonal stock builds, then lower against spring RBOB NYMEX grades.

Chicago basis to extend the uptrend, trading at the historic mid range with maintenance ongoing at the BPAmoco plant.

Group III basis trade at the low end of the historic range, driven by extreme over supply in the Gulf, that drives shipments into the Midwest.

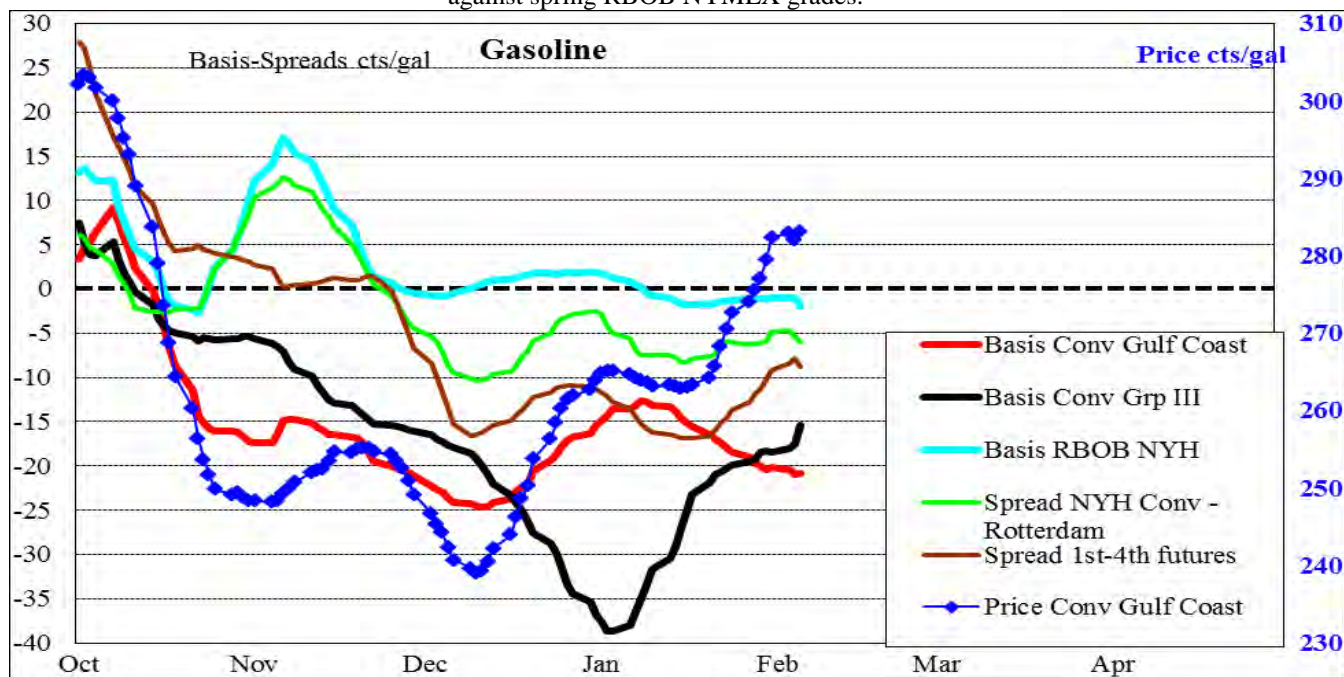
Gulf Basis to trade sideways on high stock levels and even with winter maintenance underway.

West Coast (Los Angeles) basis to extend the current uptrend on start of winter maintenance.

Gulf Coast Price

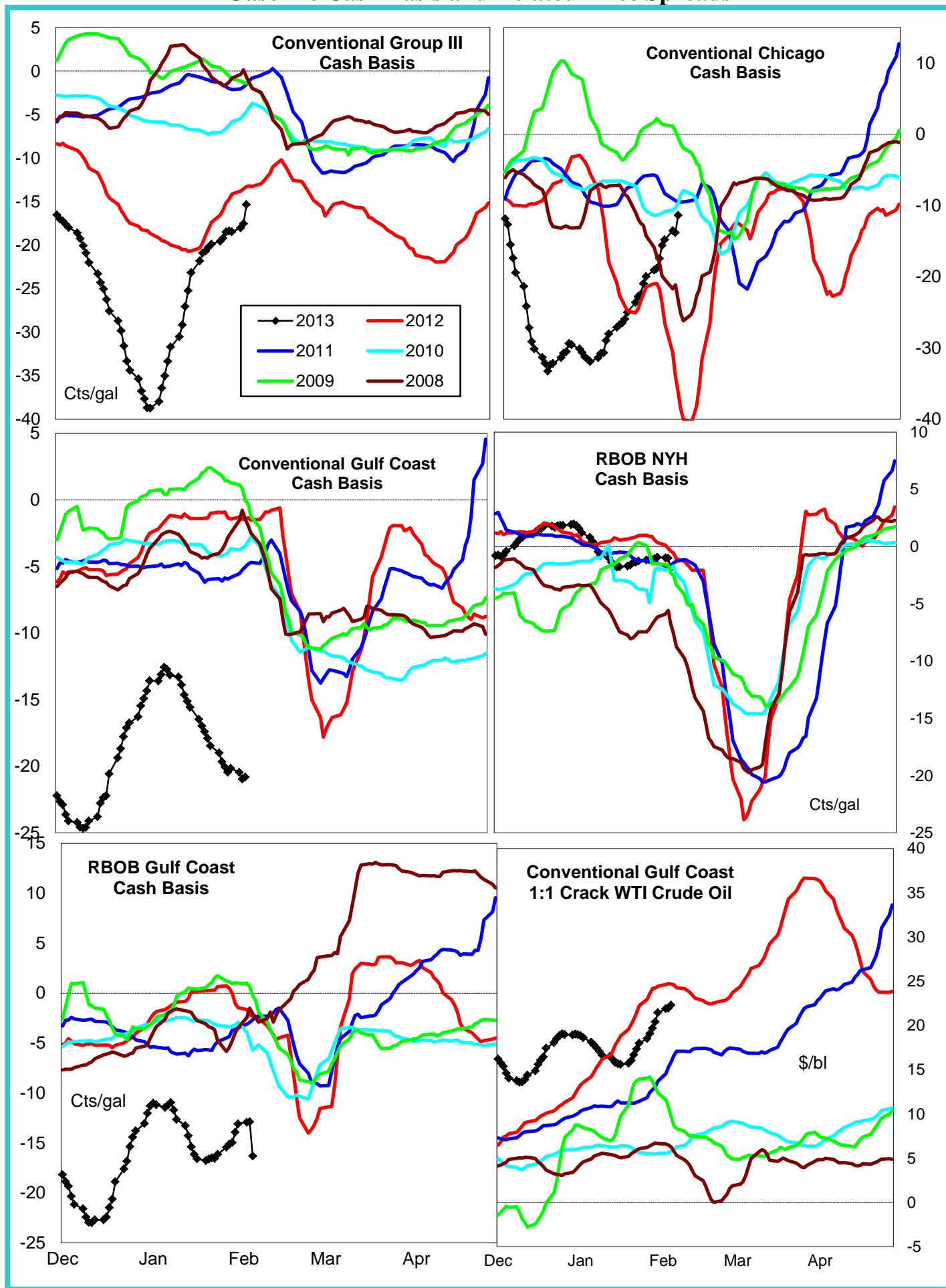
Tight supplies in Northwest Europe, announced closure of the Hess refinery in PADD 1 and record low imports to the Northeast, continue to support the NYMEX RBOB contract.

Refinery maintenance in the Gulf and West Coast regions, a marked slowdown in seasonal stock builds and higher seasonal demand should support wholesale prices ahead of the spring season.

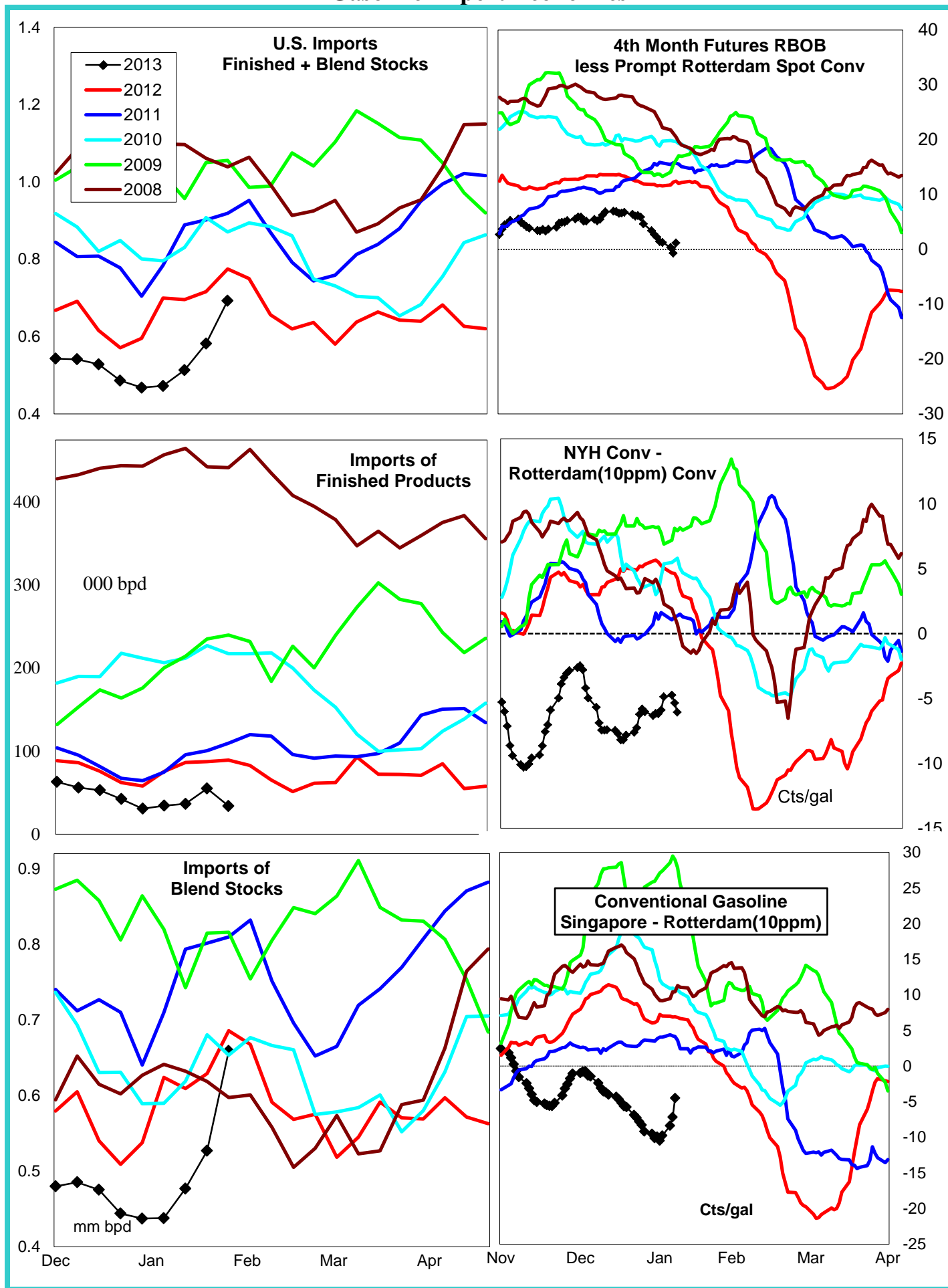


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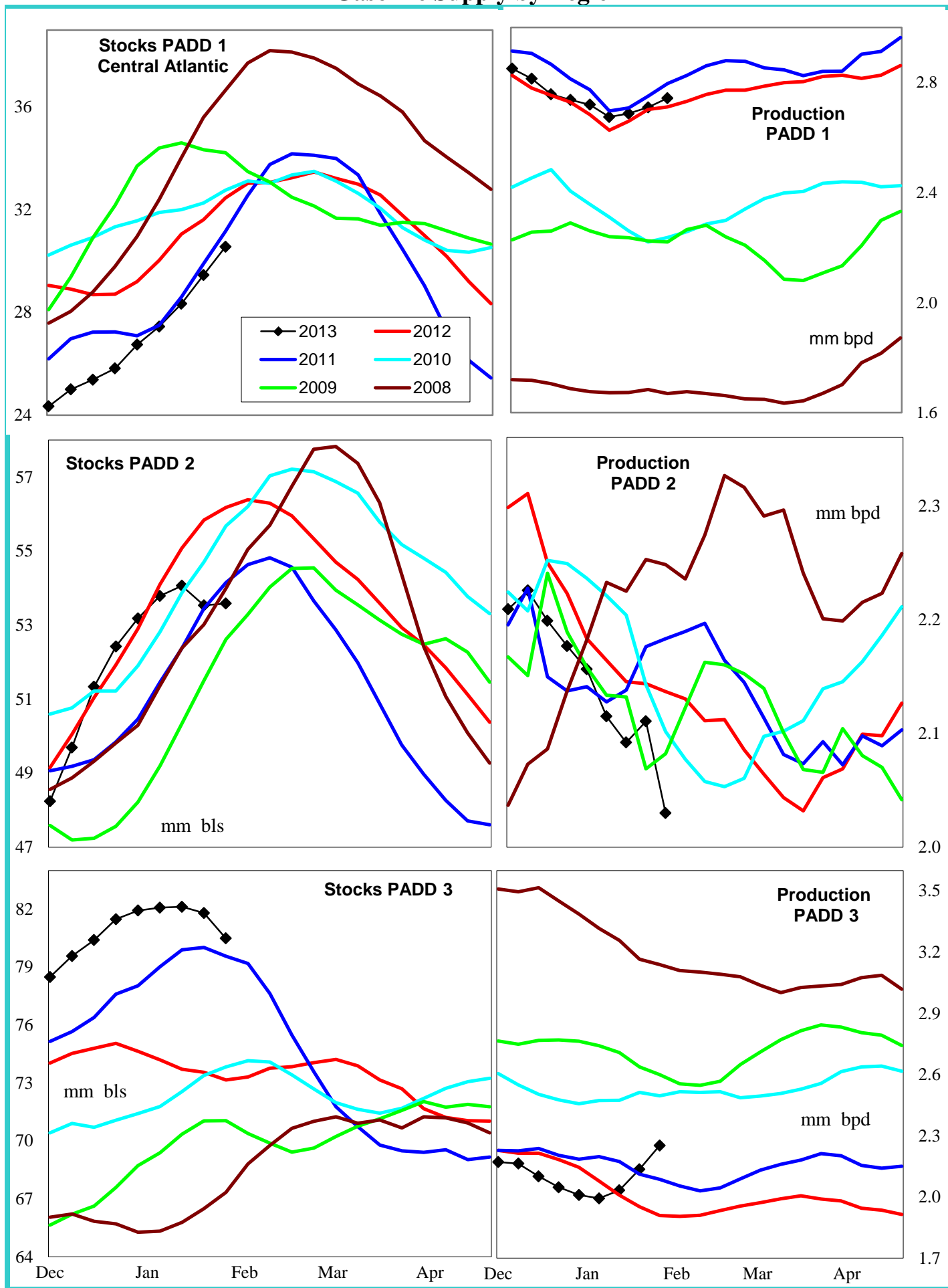
Gasoline Cash Basis and Related Price Spreads



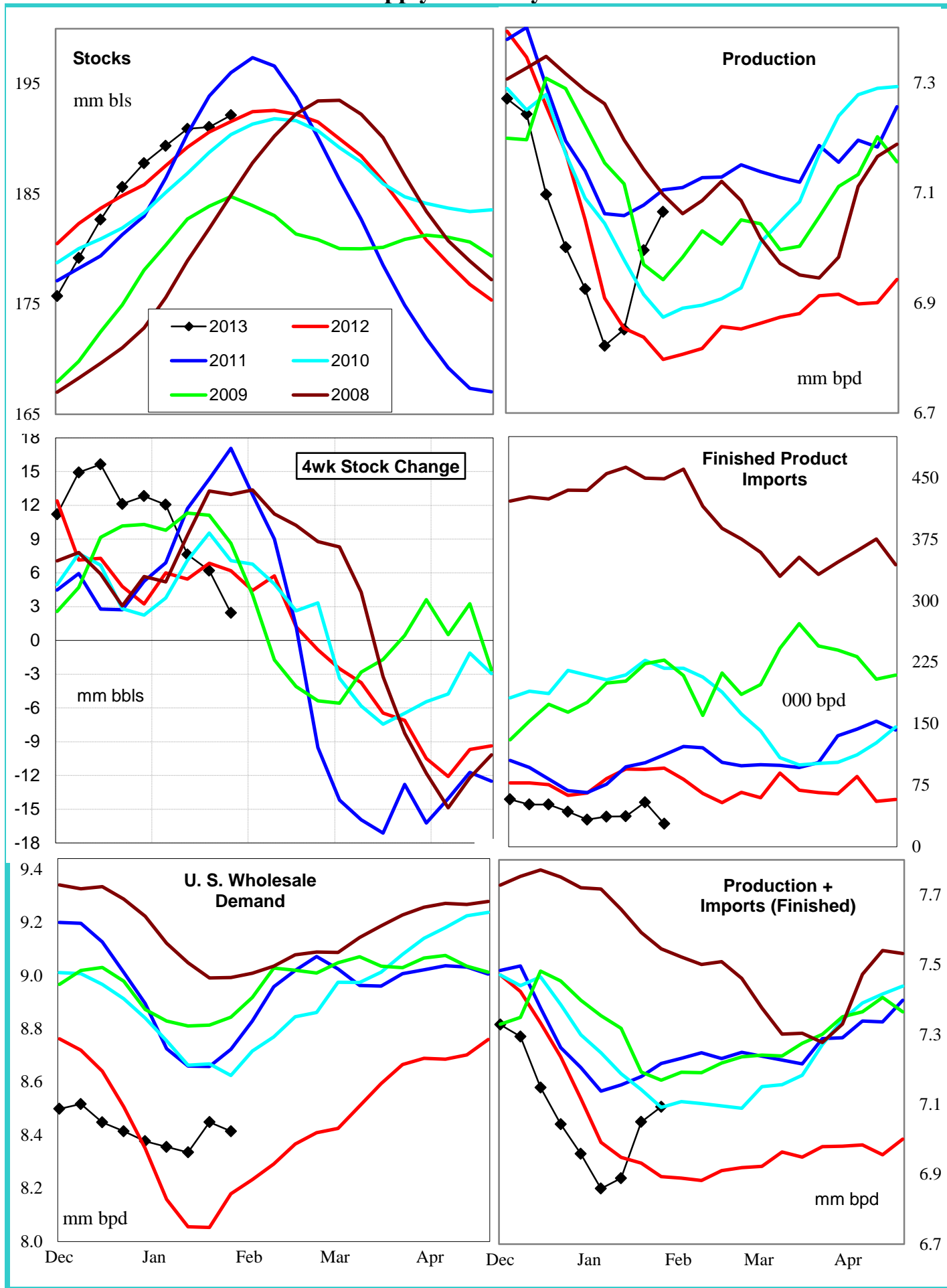
Gasoline Import Economics



Gasoline Supply by Region



Gasoline Supply Summary PADDs 1+2+3



PADD 5 Gasoline Supply

